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Aller au sommaire du numéro

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Résumé de l'article

La majorité des dépenses du gouvernement britannique en Amérique du Nord pendant la période 1740-1783 fut absorbée par l'armée. Les sommes dépensées furent d'une telle importance qu'elles affectèrent le taux de change de la monnaie de même que l'ensemble du commerce qui s'effectuait dans les villes coloniales. Les principaux banquiers impliqués dans le système furent les entrepreneurs travaillant à la solde du gouvernement pour distribuer les vivres et les salaires de l'armée.

L'auteur s'attarde ici au rôle qu'a joué la famille Drummond et ses partenaires alors qu'ils détenaient ces contrats entre 1767 et 1783; il élabore également sur l'impact que ce système a exercé sur quelques-unes des villes coloniales, en particulier, celles de New York, Halifax et Québec; enfin, à la lumière de sa documentation, il pose un regard nouveau sur ce qui a été communément appelé à l'époque « l'affaire du Canada ».

*The Impact of British Military Spending on the Colonial American Money Markets, 1760-1783**

JULIAN GWYN

> "Not even love has made so many fools of men as the pondering over the nature of money." (Gladstone)

I

The importance of governmental expenditure to the overall economy was probably as vital in the eighteenth century as it is in the twentieth. This point has been frequently missed by historians of pre-industrial economies. Even so obvious a matter as the economic impact of war, when public expenditure peaked, remains, barring a few celebrated exceptions,[1] a largely unexplored subject. This paper will deal with one aspect of the general question by studying the colonial economy, in particular how the money market was influenced by governmental spending in the era of the American Revolution.

The principal source of public spending in colonial America was the British government, which both in years of peace and war maintained large military and naval forces in North America. Only what was spent *in* America is of concern here, for that alone affected the American money markets and hence the balance of payments. Between 1740 and 1775, for instance, Parliament authorized the expenditure of about £16.2 millions *in* America, and during the American War of Independence, about another £19.3 millions.[2] Of these huge sums, amounting to more than £800,000 a year, the army was responsible for about 63 per cent before 1776 and perhaps as much as 75 per cent afterwards. Before the American War of Independence, such regular transfer payments from England to America went a

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1. A session of the International Economic History Congress at Edinburgh in August 1978 was devoted to the economic impact of war. See J.M. Winter, ed., *War and Economic Development. Essays in Honour of David Joslin* (Cambridge: Cambridge University Press, 1975). See especially his introductory essay "The economic and social history of war", pp. 1-10, and his select bibliography, pp. 257-92.
2. Julian Gwyn, "British Government Spending and the North American Colonies, 1740-1775", *Journal of Imperial and Commonwealth History*, VIII (January 1980), pp. 74-84.

long way to balancing colonial deficits in commodity trade with Britain. Altogether such transfers were one of the most significant factors underlying fluctuations in the colonial American economy in the wartime crises of 1744-48, 1755-60, and 1775-82.

This regular inflow of British wealth into America, in the form of coin and sterling bills of exchange, had an observable impact on the money markets of certain colonial towns, and greatly influenced the exchange rates between some colonial currencies and sterling. The most important financial centre for British spending was New York, made the arsenal in 1755 for the British war effort against the French, and afterwards, almost without interruption, the headquarters of the commander-in-chief of the British army in America. Of less importance was Halifax, especially from 1757, and Quebec. Such spending was particularly important during the American war from 1776 through 1783, when New York and Halifax were largely isolated.

II

To handle the needs of the army and navy in America, the British government employed prominent London financiers as contractors. They competed with each other for the most important contract: to remit funds for the pay and subsistence of the army. Such contractors employed agents to make funds available to the army's deputy paymasters in America. Such agents, often well connected with the local colonial merchants, had an important impact on the local money market, and hence the business activity of the town where they were located. Their role as the largest bankers in America enabled them at times to control much of the colonial money supply with sterling bills of exchange, and by infusions of coin. In this way they financed especially in wartime importers of goods into America and purchases of locally-grown or locally-manufactured commodities. As a rule, though rarely with proper authority, they acted as private creditors to local merchants and officers. In one instance in the 1780s, they acted as a deposit bank for selected and favoured New York merchants.

This paper will particularly focus on the activities of the most important of these contractors before 1783, the Drummond family and their partners, who held successive remitting contracts from June 1767 to June 1783. The fortunate survival of their North American papers in the vaults of their London bank (now the Royal Bank of Scotland, Drummond's Branch) enables one to put flesh on the bare bones of the officially audited accounts held by the Audit Office, and long available in the Public Record Office at Kew.

Who were the Drummonds? They were a well-connected Scottish family, headed by Andrew Drummond, who in 1717 first opened a ledger entirely devoted to banking. Establishing himself in a modest shop at Charing Cross, he soon prospered. When his brother supported Bonnie Prince Charles in the Forty-Five Rebellion, the government closed the bank. But Andrew, after the death of his brother at Culloden, was able to satisfy the authorities about his loyalty. A few years after his own death in 1769, the bank held deposits amounting to £770,000, which generated profits of £19,000 annually.[3]

Such financial solidity enabled his son, John Drummond,[4] a director of the Sun Fire Office, the most successful fire insurance company in Britain, to bid on the remitting contract to the army in America in 1767. John resigned the contract, when he succeeded his father at the head of the bank, and was succeeded himself by his first cousin, the Honourable Henry Drummond.[5] Henry, from the 1750s onward, began to act as agent to various regiments commanded by his Murray relatives, beginning with the 42nd and the 46th Foot. By 1771, with Richard Cox, he was agent to no less than eighteen regiments; and the North American army contract was merely an extension of his well-established experience.

The Drummonds had two successive partners in these contracts. The first was Sir Samuel Fludyer, Bart., the Deputy Governor of the Bank of England and Lord Mayor of London, who earlier had acted with Moses Franks and Adam Drummond in several contracts to victual the army in North America.[6] At his death in 1768, he left one of the largest fortunes amassed in England in the eighteenth century. His place was taken by the Honourable Thomas Harley, who earlier had held contracts both to supply clothing and blankets to the troops in North America and to remit funds to the army in the West Indies for their pay and subsistence.[7]

The Drummonds lost interest in the contract when pressure in Parliament against contractors became an intense political issue. An act was passed in 1782 disqualifying MPs from holding contracts. Unwilling to abandon their prestigious places in Parliament, accepting the change in politics which the downfall of Lord North signalled, and holding the contract that was generally thought the most lucrative and hence the principal focus of parliamentary attention, the

3. Hector Bolitho and Derek Peel, *The Drummonds of Charing Cross* (London: George Allen & Unwin, 1967), p. 212.
4. Lewis Namier and John Brooke, eds., *The House of Commons, 1754-1790*, (London: HMSO, 1964), II, pp. 343-4. John (1723-74) was MP from 1768 to 1774.
5. *Ibid.*, pp. 342-3. Henry (1730-90) was MP from 1774 to 1790. In 1780, he loaned Lord North £30,000 at 5 per cent on the king's representation. The king secured the loan with a promissory note.
6. *Ibid.*, pp. 442-4. Sir Samuel (1704-68) had been director of the Bank of England, 1753-66, and MP for Chippenham, 1754-68. He died reputed worth £900,000.
7. *Ibid.*, pp. 586-7. Harley (1730-1804) was the son of the Earl of Oxford. He was MP in 1761-74 and 1776-1802.

Drummonds gave a year's required notice in 1782 to withdraw altogether from the business.[8]

III

The value of the total contract, between 1767 and 1783, was over £16 million. The details are presented in Table 1 as a modern statement of revenue and expenditure. On average each year more than £1 million passed through the hands of the agents in America. This generated for the contractors in London, an average annual commission of £15,237. To understand the magnitude of these figures it is well to remember, by way of comparison, that in the decade before the American Revolution, British exports to North America averaged about £2.3 millions annually, while the value of tobacco, the most important colonial export to Britain, rarely exceeded £1 million annually.

Of the £16.3 millions in expenditures, all but about £500,000 was spent in America, mainly in the provinces of New York, Quebec, and Nova Scotia. If the details of the largest item of expenditures, the funds paid into the hands of the deputy paymasters in America for pay and what contemporaries called extraordinaries, are analyzed, some idea of the relative importance of these provinces as financial centres can be established. Table 2 below notes the size of payments between 1767 and 1783. Such payments represented more than 80 per cent of total American expenditure; the other 20 per cent was probably in the same proportion between the different provinces. Fully 75 per cent was spent between 15 July 1778 and the end of the final contract on 17 June 1783, a period of fifty-nine months. On average about £170,000 a month was needed for pay and extraordinaries, when overall army expenditure in America was running at about £220,000 a month. In 1767-70, the monthly average was about £12,000 for pay and extraordinaries, out of a monthly average of some £18,000 for all military expenses in America. In the period January 1771 through July 1778, average monthly expenses were about £34,000 and £48,000 respectively.

The American War of Independence witnessed the period of greatest military expenditure in America when the most important impact was made on the colonial economies. The towns chiefly affected were New York, Quebec, and Halifax. Spending in New York was about twice that in the other two; the ratio between the three was about 11:4.5:1. Yet so rapid was the rise after 1776 and to such a

8. Harley & Drummond to John Cochrane, London, 31 July 1782, Drummond Papers. All references are to this collection of papers, unless otherwise noted. I wish to thank R.G. Must of Drummonds Branch, The Royal Bank of Scotland, for permission to use the Drummond Papers. The contract to supply the army with specie has been discussed by Norman Baker, *Government and Contractors. The British Treasury and War Supplies 1775-1783* (London: The Athlone Press, 1971), pp. 175-83. Though we have used the same Audit Office sources, we disagree both about the gross value of the contracts and the amount of the annual commission enjoyed by the contractors. Baker's work has influenced R. Arthur Bowler, *Logistics and the Failure of the British Army in America 1775-1783* (Princeton: Princeton University Press, 1975), pp. 17-8.

Table 1. ***Statement of Revenue and Expenditure, 1767-1783 (in sterling)***

REVENUE	
From Paymaster General for purchase of bullion and for sale of bills of exchange in America	£16,042,047
Profits from bills of exchange in America	137,439
Profits from purchase of bullion	71,056
Miscellaneous	30,936
TOTAL REVENUE	16,281,478
EXPENDITURE	
Army Pay & Extraordinaries	13,334,204
Army Subsistence	2,250,288
Contractors' commission @ 1.5%	243,800
Agents' commissions, freight, and insurance fees	148,095
Losses on American bills of exchange	152,031
Losses on Bankruptcies in Canada, 1783	158,539
Miscellaneous	52,138
TOTAL EXPENDITURE	16,339,95
EXCESS EXPENDITURE OVER REVENUE	£ (57,617)

Sources: PRO, A01/190/594-595, A01/191/597, A01/200/644, A01/204/661.

Table 2. ***Army Pay and Extraordinaries in America, March 1767 to June 1783***

	1767-70 £	1771-78 £	1778-83 £	Totals £	%
New York	209,000	1,544,987	6,357,074	8,111,061	60.8
Quebec	20,000	789,689	2,186,716	3,246,406	24.3
Nova Scotia	13,635	142,889	571,298	727,822	5.5
Massachusetts	6,000	529,000	—	535,000	4.0
Elsewhere	—	68,663	645,232	713,895*	5.4
Totals	248,635	3,075,229	10,010,340	13,334,204	100.0
%	1.8	23.1	75.1	100.0	

Sources: Same as for Table 1.
*Of this sum, £541,000 was spent in Charleston, and £117,915 at various places for Burgoyne's army taken at Saratoga.

high level compared with the prewar years that Quebec, for instance, became after 1776 a money market of more importance than New York had been before the war, while Halifax after 1776 became more important than Quebec had been earlier.

The effect of the rapid increase in the money supply in all three centres was generally the same from 1776 onwards, but there were important differences. War reduced exports drastically. Losses thus incurred were made up principally at Quebec from government expenditure, while at Halifax and New York with active Vice Admiralty Courts, capital inflows from captured prizes augmented military and naval expenditure. Expansion of the money stock gave rise to rapid price inflation for consumer goods and rental accommodation. At Quebec, prices for agricultural products between 1770-74 and 1780-84 rose between 81 per cent for beef to 110 per cent for wheat and peaked in 1779,[9] while those in Halifax were said to have risen 300 per cent,[10] and at New York, between 1775 and 1781, prices rose between 70 per cent for such items as pork and rum and 250 per cent for flour and 400 per cent for bread.[11] This seems to have stimulated expansion of acreage devoted to agricultural land in Quebec generally and in the hinterland of New York city, but not in Nova Scotia, which remained heavily dependent on agricultural imports. Peace for Quebec brought rapidly falling prices, declining agricultural production, and a sharp reduction in imports as internal demand collapsed. At Quebec, the decline in investment caused by the withdrawal of the army was only partially offset by the arrival of Loyalist refugees with their capital and extensive consumer demands. Quebec was also characterized, as shall be seen, by a number of celebrated bankruptcies. At Halifax, where the influx of Loyalists was large, the decline in prices was delayed for several months into 1784, and the economy, unlike Quebec's, had more the character of a recession than a depression. The decline in military spending was thus less of a blow than it had been to Quebec. At New York, the situation was unique. In 1783 no fewer than thirty thousand Loyalists left the city along with the British military and naval forces, who took with them as much of their liquid and moveable capital as possible. Yet the city boomed with wealth accumulated by Americans from war-

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9. Fernand Ouellet, *Histoire économique et sociale du Québec, 1760-1850* (Montréal: Fides, 1966), pp. 73, 101. Ouellet elsewhere has shown that the war did not depress the Quebec export trade in furs. In 1774-75, average annual pelt exports amounted to 495,000, while the war years 1776-82 averaged 556,000 pelts, or a 12.3 per cent rise. "Dualité économique et changement technologique au Quebec (1760-1790)", *Histoire sociale-Social History* (novembre 1976), p. 273.
10. William Smith (agent at Halifax, 1767-79) to Harley & Drummond, Halifax, 16 February 1779.
11. Oscar Theodore Barck, *New York City During the War of Independence* (New York: Columbia University Press, 1931), p. 103. In a fifteen-commodity index of wholesale prices with variable group-weights at New York City, using 1765-66 as a base, the average for 1775-76 was 102.4, and for 1777-82 254.5, with the 1779-80 being the peak years, when the index rose to 310 on average. See Arthur Harrison Cole, ed., *Wholesale Commodity Prices in the United States 1700-1861* (Cambridge: Harvard University Press, 1938), Appendix B, p. 121.

time contracts or from successes in privateering against British shipping. There was a building boom, the establishment of an important bank, and a rapid improvement in trade, which saw the State of New York experience a dramatic rise in per capita exports as compared either with the rest of the nation or with her own prewar record.[12]

Little wartime wealth, generated by military spending, stuck to the hands of merchants either in Quebec or Halifax. Conspicuous evidence of consumption in building new and more spacious homes is largely absent from the mid-1780s in both cities. In Quebec, some capital accumulated in wartime was redirected into the postwar expansion of the fur trade, but investment in agriculture and lumber remained at a low level. In Halifax, the expanded wartime money market and the attendant development in commercial contacts enabled those merchants who remained in the city after 1783 at last to begin to play an important role in trade to the West Indies, from which the Americans were excluded, as well as in the fisheries and in shipbuilding.[13]

Another indication of the permanent importance of capital acquired in wartime, largely from the army, is found in the growth of money supply in the 1780s when compared to the prewar years. If analysis is limited to only the most visible part of the money stock, what contemporaries called "circulating specie", there is some evidence. In 1771, for instance, the Harley and Drummond agents in New York sent £4,089 in gold to Quebec, owing to a temporary acute shortage of specie there.[14] The total circulating specie in Quebec might have been twice this amount. In New York, by comparison, three years earlier, the agents had sent £6,835 in silver dollars to Boston, a sum which had been collected only "with the greatest difficulty", and which had "drained the city of at least half the circulating specie."[15] Thus, specie in prewar Quebec of perhaps £8,000 could be compared to perhaps £15,000 in New York. At the height of wartime spending in 1780-81, Quebec was thought to have about £80,000 in circulating specie at any one time, or a ten-fold increase in a decade.[16] In the postwar era at New York, £167,000 alone was the initial cash investment in February 1784 of the newly-founded Bank of New York, while at Quebec there are no such estimates, but a guess might be £30,000 to £40,000 in circulation at any one time. Less is known about the specie supply in Halifax. Before the war it had been a place "of little

12. James F. Shepherd and Gary M. Walton, "Economic Change after the American Revolution: Pre- and Post-War Comparisons of Maritime Shipping and Trade", *Explorations in Economic History*, XIII (October 1976), p. 413. Table 5: New York per capita exports rose by 30 per cent and the nation's fell by a quarter between 1768-72 and 1791-92.
13. Gerald S. Graham, *Sea Power and British North America, 1783-1820: A Study in British Colonial Policy* (Cambridge: Harvard University Press, 1941), pp. 47, 51-2.
14. Colin Drummond to Harley & Drummond, Quebec, 23 May, 31 July, and 4 October 1771.
15. James McEvers to Fludyer & Drummond, New York, 17 November 1768.
16. "Observations upon the Treasury Case relating to the Canada Affairs. . .", 30 July 1787, pp. 3-4.

traffick",[17] where the principal part of trade was conducted by two vessels, owned by the same London merchants, and where in 1772, for instance, a shipment of £575 in coin from New York was sufficient to satisfy the needs of the army's money supply. Before the war it was, with the rest of the province, possessed of little liquid capital, almost no industry, carrying trade, or overseas commerce. With a growing public debt and few public services, it depended on the annual subsidy from Parliament and the reduced military and naval expenditures.[18] The closure in 1774 of the port of Boston saw a rise in Halifax trade to the West Indies and a growth in shipbuilding. Yet, as the rest of the province suffered from American depredations after 1776, Halifax, protected by the navy and with four regiments garrisoned there, prospered. Wartime prosperity for Halifax and Loyalist immigration afterwards created for the first time the beginnings of an integrated economy and an expanded money market, though estimates of the circulating specie in that city for 1784-85 might not be greater than £3,000 to £5,000. Thus, in each city there appears to have been a certain growth from prewar years in the money supply, hence the growth of capital. The proximate cause is found in British military spending.

IV

Much greater certainty surrounds another aspect of the colonial money market, namely the impact of spending on the exchange rate between sterling and colonial currencies. To the contractors for remitting money to America, profits from a favourable exchange rate was one of the principal attractions of the contract itself. In the towns where their agents did business, principally New York, Quebec, and Halifax, they hoped to become "sole masters of the Exchange which we may govern as we see most convenient to ourselves, and by augmenting the credit given on private account charge government the exchange we think proper."[19]

Before viewing how the Drummonds and their partners fared in the matter of exchange, some general remarks should be made about the subject. Contemporaries used the phrase "par of exchange" to signify the relative value of different currencies as measured against the peso, known usually as the piece of eight or Spanish dollar. In England it was valued at 4s. 6d., at Halifax and Quebec at 5s., at Boston 6s., and at New York 8s.[20] This meant that to acquire a sterling bill of

17. James McEvers to Fludyer & Drummond, New York, 9 October, 1767.
18. John Bartlett Brebner, *The Neutral Yankees of Nova Scotia. A Marginal Colony during the Revolutionary Years* (New York: Columbia University Press, 1937), p. 300. See also Lewis R. Fischer, " 'Revolution without Independence': The Halifax Merchants and the American Revolution, 1749-1775". (Paper presented to the 57th annual meeting of the Canadian Historical Association, London, Ontario, June 1978), pp. 22, 30.
19. Harley & Drummond to Colin Drummond at Quebec, 8 August 1767.
20. John J. McCusker, *Money and Exchange in Europe and America, 1600-1775* (Chapel Hill: University of North Carolina Press, 1978), pp. 133, 158, 230, 232.

exchange worth £100, when the exchange was at par, it would cost a merchant in Quebec and Halifax £111.11, in Boston £133.33, and in New York £177.77 in their respective provincial currencies. The colonial exchange rate was said to be above par when sterling improved its position against a devaluing colonial currency, or below par when sterling bills lost value against an improving colonial currency.

The root causes of such fluctuations were found in the state of colonial balance of payments, as measured by the availability of specie in the colonial towns and the monthly demand for remittances to be made abroad in sterling bills of exchange. The law of supply and demand was of course influenced other than by pure economics, for the level of confidence in the general international situation played a great role in the money markets. Thus, crises like that surrounding the Stamp Act, or the Non-Importation movement, or the threat of war, or even invasion could disturb business by reducing the demand for bills in Britain with the resultant decline in the exchange rates. This was the case in Halifax and Quebec in the late winter of 1775, when Montreal was seized by the rebels and Quebec gravely threatened. It was also the case at Boston throughout 1774 and 1775. The exchange rate there recovered only when the British army withdrew to Halifax.

The contractors' agents sent regular accounts of the local exchange rates, and ascribed various causes to their fluctuation. In general, heavy imports kept the rate high, while the period of heavy exports sent the exchange downward. Thus, at New York in 1768, the exchange rate fell in the autumn owing to heavy shipments of flaxseed to Ireland,[21] but had been high in the winter earlier "owing to merchants sending over Bohea Tea and other ready money articles to their factors here, which they turn into cash at a more advantageous rate than drawing bills. . . ."[22] In 1773 at Quebec, heavy speculation on the wheat market absorbed so much coin that the exchange rose.[23] At Halifax, in the opinion of the agent, Alexander Thomson, the arrival or departure of the two ships which plied between Halifax and London twice a year each, "by whom the greatest part of the trade"[24] was conducted, had much to do with the movement of the exchange rate there.

The Quebec market, owing to its long ice-bound winter experience, had several peculiarities. In effect, there was really only a serious exchange market from May to October. When the goods arrived from abroad in the early summer, merchants had too little time to collect their bills payable by the time the ships sailed in the autumn. They advanced credit to "the Country Retailers and Inhabitants . . . the term of payment being generally in the Winter, when the hurry of the shipping was over, and the merchants have time to make their tour thro' the Country to their different Customers, as is the Custom, and which they do several

21. James McEvers to Fludyer & Drummond, 8 June 1768.
22. James McEvers to Fludyer & Drummond, 13 February 1768.
23. Colin Drummond to Harley & Drummond, 23 February 1773.
24. Alexander Thomson (agent, 1779-83) to Harley & Drummond, Halifax, 4 May 1781.

times a year."[25] The merchant importer always attempted to remit as high a proportion of his debts to his correspondents in England that same season, both to avoid unnecessary interest payments and to support his credit abroad and thereby obtain fresh imports for the season following. In this way, the exchange tended to be weak in the spring and summer and strong in the autumn and winter. This pattern was disrupted entirely and the Quebec exchange market from 1779 onwards become stable owing to the massive extension of credit offered by the contractors' agent there, about which more shall be heard presently. The fluctuations, taken from the Drummond Papers, especially bill books, are tabulated in the appendicies (Tables 5-8).

Much of this so-called colonial currency was not real money, like coin minted from copper, silver, or gold, but what contemporaries called imaginary money, or moneys of account. Merchants then usually exchanged, not coin, but bills of exchange. The contractors' agents in America, for instance, were drawers of bills to make payment for goods and services received, as well as for purchase of specie to fill the local military chest in order to pay the officers and men stationed in America. Such bills, sold by the contractors' agents to the colonial merchants, were payable "at forty days sight",[26] that is, forty days after they reached England. The contractors, upon receiving from their agents the receipts of the various deputy paymasters in America for specie payments, were able to present such receipts to the Treasury for payment at once, an enviable financial advantage, and a hidden profit which cost them no discount.

To reduce government losses by exchange was never at the heart of the contractors' concerns, for they could write off all such losses. To ensure that the exchange was "kept up", a steady supply of specie was needed in colonial towns. In theory, all the money advanced to the contractors by the paymaster general was for the purchase of Portuguese gold and Spanish silver, which was then remitted in coin to America. In fact, between the outbreak of hostilities in North America in 1755 and the end of the American War of Independence, evidence exists for such shipments from England to America amounting to only £2,519,510. Between 1755 and 1766, the annual average was about £110,000 and, under the contracts held by the Drummonds and their partners between 1767 and 1783, average annual shipment was about £70,000, in a period of greatly increased expenditure in America.[27] Such coin had to be shipped in Royal Navy warships, whose captains demanded and received so-called freight money. The coin had to be insured,

25. "Observations upon the Treasury Case relating to the Canada Affairs. . .", 30 July 1787, p. 5. In general North American merchants, exporting either on their own account or that of their overseas correspondents, normally made purchases on twelve months' credit. They were expected either to ship marketable commodities or remit suitable bills of exchange before this interval elapsed. Sometimes called the "cargo trade", this is discussed most recently in J.M. Price, *Capital and Credit in British Overseas Trade* (Cambridge: Harvard University Press, 1980).

26. William Smith's Committee to Guy Carleton, New York, 20 December 1782, p. 12.

27. Miscellaneous sources including the Drummond Papers, but also Public Record Office (hereafter PRO), London: T1/378, 380, 403, 407, 434; A01/190/592-593; A03/118, 120.

packaged, carted, and distributed. As the price of coin fluctuated, there could be losses in value. Such expenses amounted to about 6 per cent, which the government had to bear.[28] It was really a choice between certain losses for the government, if coin was shipped to America, or the mere possibility of losses on the exchange markets in New York, Boston, Halifax, and Quebec. The contractors favoured the exchange market.

There is no doubt whatever that the arrival of the contractors' specie shipments from England had a direct bearing on the exchange rate. When, for instance, in October 1780 specie reached Halifax, the exchange rate was 7 per cent below par. There was an immediate slight improvement and, by the spring of 1781, the exchange rate had moved at 5 per cent above par to the highest level it ever reached between 1757 and 1783. By the spring of 1782, as no new shipment of specie had reached Halifax, the exchange rate began to fall and, by December 1782, was 10 per cent below par. In desperation, the agent, Alexander Thomson, applied to New York for specie. But the shortage there was equally critical and the exchange rate at New York itself had fallen first to 7½ per cent and then 10 per cent below par.[29] Such examples can readily be multiplied not only for Halifax, but also for the other colonial towns. Not only had the British army been stymied by the rebels, and the peace negotiators outmanoeuvred by the Americans at Versailles, but the government contractors had been undone by the loyal colonial merchants.

V

There was another way by which the exchange rate could be kept at or above par, and thereby save the government money: by the American agents offering the contractors' bills of exchange, not for goods and services payable, but for credit, in other words for goods and services receivable. Such bills of exchange actually increased the colonial money supply as dramatically as if a new shipment of specie had been received. At Quebec, for instance, where the policy was in effect throughout 1779 to 1783, during which interval only two shipments of specie from the contractors were received, exchange remained steadily at par, and thus provided the province, at a time of greatly heightened business activity, with one of the most solid advantages possible to the commercial community. Yet such vitally important banking activity was misunderstood both by colonial governors and by Treasury officials in London, whenever they found out about it. It also worried the contractors who found themselves creditors of men whose own credit and acumen was unknown to them. It made them rely on their agents to a degree they found disagreeable. As this constituted a major part of the work for the agents in America, and one of the most disruptive elements in the history of the remitting contracts, it deserves some attention.

28. For an example of a typical silver shipment made in 1767, see PRO, A03/118. Revenue from the sale of the silver coin was £10,127.10.4, for silver which had cost £10,198.12.0. Other expenses came to £514.3.6., for a net loss of 5.8 per cent.
29. Alexander Thomson to Harley & Drummond, 13 November 1782.

In June 1760 Thomas Barrow, deputy paymaster for the troops then stationed at Albany, wrote at length to his commander-in-chief, Jeffery Amherst, about the role of the contractors' agents. In part he noted that they had "sold at a higher exchange than others by giving credit for their bills."[30] This they had not done blindly, for, as Barrow explained, "they have a continual intercourse with the merchants of this country, had become acquainted with their credit and fortunes, with the nature and extent of their trade and are at least the best judges of the sum that may be raised by bills."

The advantage to the colonial merchants was obvious. Such credit enabled them to make far larger purchases, locally or abroad, of goods needed by the army and the government generally, than could have been possible on their own. By adding the contractors' "great Credit and known Opulence"[31] to their own, at 6 per cent per annum, their own wealth could expand as they sold the strategic war materials which glutted their Quebec and Montreal warehouses: rum, beef, pork, butter and peas, and the like. The risk was large only with the "sudden and unexpected peace"[32] when goods bought at high wartime prices would have to be unloaded on a collapsing market. Payment for the bills of credit then might be difficult and insolvency threaten. Such was the case that overtook the previous contractors in the 1763 credit squeeze, when Messrs. Moore & Finlay of Quebec failed leaving debts of £22,275, along with Nathaniel Wheelwright & Co. of Boston with debts of almost £45,000. It was only in 1766 that the government agreed to absorb the losses, which amounted to more than £74,000, the largest failures in the history of colonial American business before 1776.[33]

In 1773, the remitters' agents in New York, John Watts Sr. and Charles McEvers, were dismissed for issuing bills on credit. McEvers in defence of his role argued that by offering credit he managed to sell bills at 2½ per cent above the market price, a saving that went directly to the government.[34] Though probably true, it carried no weight with Harley and Drummond in London. Watts explained that the practice of granting partial credit was general "when Exchange is dull", and noted that it carried "the plausibility at least of serving the public . . . in keeping the Exchange up."[35] Their dismissal in no way helped the exchange rate at New York!

A more interesting case at New York was investigated during the American war. Disturbed by the decline in the exchange rate at 10 per cent below par in December 1782, Guy Carleton, then governor of New York, appointed a committee of inquiry, presided over by the chief justice, William Smith. The committee suspected that some New York merchants with the connivance of the contractors' agents, David Gordon, Robert Biddulph, and Adam Gordon, had conspired to

30. Thomas Barrow to Amherst, Albany, 17 June 1760, PRO, T1/400.
31. William Smith's Committee to Carleton, 20 December 1782, p. 11.
32. John Cochrane to Harley & Drummond, Quebec, 13 June 1783.
33. PRO, A01/190/593, T1/456.
34. Charles McEvers to Harley & Drummond, New York, 23 November 1773.
35. John Watts, Sr., to Harley & Drummond, New York, 5 October 1774.

manipulate the exchange rate, thereby raising it "above its natural value."[36] The committee discovered that the agents had created a fund from deposits privately placed by New York merchants, payable on demand "by bills at the lowest rate of exchange . . . between the time of depositing & the moment of granting such bill."[37] Such cash was paid into the military chest, under the care of the deputy paymaster at New York. When the depositers wanted to withdraw their funds they were usually paid, not in specie, but with bills of exchange. The depositors by concerting their action could drive down the exchange, and thereby make as much as 10 per cent on short-term deposits. Money would then be redeposited, when the exchange rate again reached par, and the whole process repeated. At the time of the enquiry, deposits amounted to about £38,000, which the agents admitted "were in the Nature of the Banking Trade."[38] No fraud was proven; and the Smith Committee was left to recommend exactly what agents everywhere had constantly demanded, a regular system of specie shipments from England "to break all Combinations,"[39] and thereby "govern the Exchange, & sustain it always at par."[40] This little episode uncovered the only documented case of deposit banking under the British administration before 1783.

More instructive was the situation at Quebec, where two agencies successively were dismissed for manipulating the exchange. In the first instance, John Drummond and Jacob Jordan, agents between 1776 and 1779, had been told "never on any account to sell bills on credit. For should loss thereby arise either by bad debt or by subjecting us here to unnecessary advance, we shall charge it to your account."[41] They were also cautioned "to make no other use of the public money than for the public service, but hold it as a sacred fund, never to be applied to a private purpose." The huge growth in sterling bills at Quebec, which characterized their agency to meet wartime needs, proved too tempting for these two who already were associated in a number of ventures. In 1779 they were accused of not only advancing bills on credit, but of apparently drawing such bills to the amount of £15,000 for themselves at favourable exchange rates.[42] They used the credit to purchase specie to corner "the Richelieu wheat crop"[43] and force up prices to their own profit.

Their successor, John Cochrane, despite equally uncompromising orders, re-established the practice of granting bills on credit. Like those before him, he realized that the large regular demands of the military at Quebec required sterling

36. William Smith's Committee to Carleton, 30 Dec. 1782, p. 4. (See also PRO, T1/586.)

37. *Ibid.*, p. 18.

38. *Ibid.*, p. 20.

39. *Ibid.*, p. 25.

40. *Ibid.*, p. 26.

41. Harley & Drummond to Drummond & Jacob, 22 March 1777.

42. Drummond & Jordan to Harley & Drummond, Quebec, 13 August & 23 October 1779.

43. A.J.H. Richardson, "Jacob Jordan", *Dictionary of Canadian Biography* (Toronto: University of Toronto Press, 1979), IV, p. 403.

bills and infusion of specie throughout the year. Yet the peculiarities of the Quebec annual business cycle prevented such orderly supply, without institutionalizing a credit system. Quebec merchants felt that Messrs Harley & Drummond were ideally situated to play the role of international banker. Cochrane believed that the problem could have been resolved only by shipping annually specie for at least two-thirds of the anticipated government expenditure in the province.[44] As such a scheme never developed, as no alternative emerged from London, and since the government's needs steadily mounted as the war dragged on, the Quebec money supply continued expanding this way.

To understand the scale of the Quebec operations, and hence the growth in the money market, some details are needed. In the decade before 1776, the costs of the civil government at Quebec were roughly £8,000 a year, and the total military needs, for pay, extraordinaries, and subsistence about another £15,000 to £17,000. Now during the forty-three months of Cochrane's agency, from October 1778 through April 1783, government's needs averaged £48,800 *monthly*! The details are tabulated below (Table 3). To answer these regular, large demands, Harley and Drummond sent specie to deal effectively with about three and a half month's expenditure, or about 8.3 per cent of needs. Most of the rest, some 86.4 per cent, came from bills of exchange, most of which were at least in part on credit. This left only about £110,000 to be raised locally in specie. By May 1783, of the more than £1.8 millions in sterling bills only 8.6 per cent, or £155,270 were on credit. There was every hope that most of these would be paid off and losses kept to a small fraction. The business had been handled smoothly. The only anxiety

Table 3. ***Government Needs and the Quebec Money Market, 1779-1783****

(in sterling)

Year	Government Needs	Sterling Bills	Specie Shipments
1779	£ 177,666	£ 116,620	£ 46,319
1780	514,286	563,858	
1781	651,473	759,200	
1782	650,045	373,516	128,549
1783	112,500		
Totals	£2,098,782	£1,813,195	£174,868

Source: "Monthly Account of the Bills Drawn by Mr. Cochrane at Quebec", Drummond Papers.

*October 1779 to April 1783

44. Cochrane to Harley & Drummond, Quebec, 25 October 1779. Cochrane, the third son of the 8th Earl of Dundonald, accepted the post when in fact he had been preparing to rejoin his uncle, General Stuart, in India.

had been felt by the governor, Frederick Haldimand, who had recognized the need for bills on credit and, on his own authority, had made the government responsible for some of these bills in 1781. Yet in 1783 by his "illegal, arbitrary, and unjust"[45] actions in initiating attempts for the immediate recovery of the still outstanding debts, he not only ended Cochrane's career and his own, but precipitated the most celebrated series of bankruptcies in the history of colonial America. Though these actions added to the sense of despondancy felt by the mercantile communities in Quebec and Montreal at the end of the wartime boom, it in no way altered the economic structure of the province.

Some details of the "Canada Affair" have been given elsewhere,[46] but it remains at least in its financial details imperfectly understood. The crisis was triggered by orders received in April 1783 from the poorly informed Treasury requiring Haldimand to "exact the immediate payment"[47] of all debts still outstanding. Despite the fact that the debts were owed not to the government and certainly not to Haldimand, but to Cochrane, who had taken promissory notes from the merchants to whom he had advanced credit, the Quebec government initiated a number of vicious legal suits to recover its supposed assets. That those mentioned in the suits were men who, in many cases, formed the principal core of political opposition to the government added a dram of colour to the episode. The defendants were denied trial by jury or the benefit of English law. Indeed, as one historian has recently put it when referring to the justice metted out by the senior judge, Adam Mabane: "Quebec was operating outside any principle of the rule of law, outside any legal system known to England or France, and guided only by Mabane's personal concept of justice in specific cases."[48]

Five years later, the new governor of Quebec, Lord Dorchester, established a committee of three, headed by James McGill, to settle the outstanding debts surviving from the "Canada Affair." Cochrane was vindicated, when his books were found to have been honestly and accurately kept. Moreover, he was acquitted of "any personal advantage in . . . departing from his orders."[49] They agreed that his chief purpose had been, as he had always said, to serve the government's financial needs and to avoid losses for the government by keeping the exchange rate at par. This he had done consistently throughout his term as agent.

45. Cochrane to Alexander Grey, 19 May 1784.

46. A.R.M. Lower, "Credit and the Constitutional Act", *Canadian Historical Review*, VI (June 1925): pp. 123-41; Hilda M. Neatby, *The Administration of Justice under the Quebec Act* (Minneapolis: University of Minnesota Press, 1937), chap. VIII, 175-95. Neither account is adequate.

47. George Rose to Haldimand, Treasury Chambers, London, 2 January 1783.

48. Elizabeth Arthur, "Adam Mabane", *Dictionary of Canadian Biography*, IV, p. 492.

49. James McGill's Committee to Dorchester, 18 February 1788. In 1783, Cochrane had told his uncle, Andrew Stuart, "Unfortunately for me a peace took place when least expected at the very close of the contract. For had the war continued for a few more months there was not the least loss to be apprehended. . . . These are circumstances to try any man's temper. Had the war continued a few months I would have gained the reputation of a man of abilities. Whereas now I will be considered a giddy-headed fellow, & no credit given for the good I have actually done." 8 November 1783.

They estimated that he had saved the government about £73,000 alone on the exchange. The total losses through normal business insolvencies might have been no higher than £65,000 at worst, but as a result of the ruinous suits, losses had risen by 1788 to £160,000, of which they recommended writing off £114,000. Of this large sum, the government allowed Harley and Drummond to write off almost £99,000, but the balance of £61,000 they had to absorb as their own loss. That loss to the contractors was the equivalent of their normal $1^1/_2$ per cent commission on over £4 millions in transaction, fully one-quarter of their entire business under the contract over sixteen years. None of this took into account the anxiety, trouble, and distraction extending over several years, but especially in 1783-84, caused by the whole business.

Of more importance than the real losses to some of the wealthiest financiers in England was the impact on less advantageously placed Quebec merchants. They were, perhaps from rapacity, perhaps from the unlucky advent of peace, perhaps also in part from the behaviour of the Quebec government, the victims of the expansion of the wartime money market, and its startling contraction in 1783. Of the twenty-two Canadian debtors, nine became insolvent. The largest, John Pagan of Quebec, still owed £1,331 after his estate had been sold. Messrs. Buchanan & Shannon owed other debts amounting to £7,239; and when their estates were liquidated, only £130 were retained for the support of Shannon's only child. Perras died insolvent, leaving his widow and children to be supported by charity. Samuel Judah's estate was assigned to his creditors, the principal of whom, Amos Hayton of London, paid 5s. in the pound. Isaac Judah managed only 2s. 6d. in the pound. Ritchie unsuccessfully appealed his case; and when his estate was sold it fetched only £201 net.

The largest debtors survived. Shaw & Fraser were obliged to sell 359,000 gallons of spirits, which had cost them an average of 5s. $8^1/_2$d. a gallon, for 42 per cent of cost, making a loss of over £59,000. As their estate continually declined in the 1780s, their offers of composition fell proportionately. In the end, their offer of 6s. 6d. was accepted. At £96,000, it was the largest failure in Quebec before the nineteenth century. The Frobishers were not bankrupt in 1783, believing they had assets in excess of £10,000. Owing to the insolvency of some of their debtors and the fall in value of real property, they managed to offer only 9s. in the pound, on condition that Mrs. Joseph Frobisher relinquish her claim to £700 settled on her by marriage. Final payment was made in October 1789.

Of the rest little need be said. Louis Marchand alone had his debts forgiven.[50] But his legal costs left him a broken man and an estate reduced by 1788 to only £550. The Lymburners had always been prepared to pay their debts, on receipt of the notes of hand they had proffered as security. When this was refused by the Quebec courts, they appealed to the King in Council in England, where in 1788 their cases were still pending. Both were granted damages upon the withdrawal of their appeals and the settlement of their original 1783 debts. Simon

50. Neatby, *Administration of Justice*, pp. 192-3.

Table 4. *Canadian Debtors, 1783-1788*

(sterling)

Debtors	**Debt on 31 May 1783**	**Status in February 1788**
Shaw & Fraser	£142,225	Paid £46,223
Benjamin & Joseph Frobisher	17,553	Paid £7,899
Mathew Lymburner	3,615	Paid in full
John Pagan	4,542	Insolvent; paid £2,211
Louis Marchand	3,034	Debt forgiven
Simon Fraser, Sr.	2,720	Paid in full
Jean-Baptiste Durocher	2,117	Insolvent
Adam Lymburner	2,105	Paid in full
William Hall	1,653	Insolvent
Pierre Guerout	1,535	Paid in full
Jean Vienne	1,323	Paid in full
Buchanan & Shannon	1,296	Insolvent
Samuel Judah	504	Insolvent; paid £126
John McCord	386	Paid in full
Jacques Perras	366	Insolvent
Murdoch Stuart	365	Paid in full
George Allsopp	287	Paid in full
Scott & Burn	246	Insolvent
Charles de Lanaudière	245	Paid in full
Hugh Ritchie	243	Insolvent; paid £201
Isaac Judah	208	Insolvent; paid £26
David Ross	96	Paid in full

Source: McGill's Report to Dorchester, 11 February 1788, Drummond Papers

Fraser, Sr., Charles de Lanaudière, George Allsopp, and David Ross had all interest due after April 1783 cancelled. When Stuart refused to pay his debt in 1785, his estate was seized by the sheriff. When Guerout attempted to pay off his debt, he was refused and incurred legal costs in a futile attempt to get this judgement reversed. He was compensated for these costs by having all interest due forgiven. Vienne could not pay off his other creditors, as his funds had been seized by the sheriff in 1783, in whose hands they still remained in 1788. To compensate him, all interest due was overlooked. John McCord had tried unsuccessfully to pay off his debt in May 1784, but encountered opposition to the courts; and in 1788 the McGill committee required him to pay the principal and interest at 6 per cent only to 1784. Such then was the sorry tale which sprang from the judicial mischievousness and the uncertainties of commercial law under the 1774 Quebec Act.

VII

The evidence, presented here, points clearly to the relationship between British military spending and the state of the colonial money markets, and hence the overall colonial economies. This was especially the case in the cities of New York, Quebec, and Halifax, where the army's banking operations were centred. Before the outbreak of the war, government spending took a second place both at Quebec and New York to trade and agricultural production. But in Halifax, at least until 1774 when the closure of the port of Boston opened the trade of the West Indies to Halifax merchants, government was virtually the only important business, and hence the size of military or naval spending crucial to the state of the town's economy.

With the general outbreak of war in 1776 and the collapse of exports, a development repetitious of earlier eighteenth-century North American wars, the situation dramatically changed. New York and Quebec were the principal staging points for the war effort against the rebels, and hence the main focal points of British spending. New York and Halifax as well were virtually isolated, by hostilities, from their normal hinterlands, and became utterly dependent on imports of provisions and other types of consumer goods, the great part of which were financed, directly and indirectly, by military spending.

The fluctuations in the wartime money market in all three cities reflected in part the amount of specie available. Throughout the war, the exchange rates of both Halifax and New York fluctuated according to the amount of specie imported by the government through its contractors, Harley and Drummond. Such also was the case in Quebec until late in 1779, when a credit policy was launched and the exchange rate remained remarkably stable. New York and Halifax could always count on some specie being imported when prize vessels were condemned by their Vice Admiralty courts, but Quebec had no such opportunity. Cochrane made a virtue of necessity by his actions at Quebec. His policy resulted in what amounted to the unilateral creation of an unfunded or floating provincial debt, the obligation for which did not rest on the Quebec government and its people, but on London financiers, whose express orders had forbidden the establishment of the debt in the first place.

The study of the workings of the colonial money market in the absence of banks makes it clear that both British colonial policy and administrative practice lagged behind colonial economic realities. The British government had learned nothing, at least as far as this matter was concerned, from earlier experiences in the 1756-63 war. The contractors to the army had no desire to play the role of international bankers to the colonies. Yet, in fact, this is what their agents so often found themselves doing. This was a clear indication not of their rapacity or peculation, but of the absence of an adequate private system of commercial banking in periods of rapid growth and acceleration of the sort witnessed between 1776 and 1783. The solution was found by the Americans after 1782, when they began to establish in several cities their own private banking system.

It is more difficult to estimate the permanent impact of wartime spending by the military. Certainly the structure of the colonial economies were altered neither by the war itself nor by the arrival of the new settlers in 1783-84. Both Quebec and Nova Scotia continued their dependence on fur, lumber, agriculture, and the fisheries, though in differing proportions. The shipbuilding industry at Quebec remained rudimentary, though in Nova Scotia it was vigorous. At Quebec, the fur trade continued as the principal attraction for liquid capital, while in Nova Scotia the West Indies trade became an important artery for Halifax. But whether this new capital, either at Quebec or Halifax, came from wartime profits is unknown. In this context, it would be interesting to know if significant numbers among the merchant communities of wartime Quebec and Halifax abandoned those towns permanently for the newly independent American states or Britain, as did the Harley-Drummond agents, John Cochrane and Alexander Thomson, both Scotsmen. Certainly no war entrepreneur emerged either in Quebec or Halifax on the scale of Thomas Hancock of Boston, who made his fortune in the 1744-48 war, or of Joshua Mauger, whose fortune derived from the 1756-63 war.

The general impression persists that, as neither Quebec nor Halifax could supply much of the wartime military needs, colonial government demands were principally satisfied by imports. In this way, the real benefits accrued not to the local merchants, who acted more as commission agents, but to the suppliers overseas, based principally in London. The high level of wartime spending must not obscure the fact that it is not the size of "cash flow", but the extent of "earnings" that is the real measure of capital accumulation. At best, the expansion of the colonial wartime money market created a brief period of intense financial activity on an unprecedented scale. By 1784, there was little evidence either in Quebec or Halifax of real capital accumulation. Rather the story from Quebec at least was one of unsuccessful speculation and overextension followed by bankruptcy.

Table 5. *Rate of Exchange: Boston on London (Pounds Massachusetts Currency per £100 sterling) par = £133.33*

Year	January	February	March	April	May	June	July	August	September	October	November	December	Average
1774										130.00	126.67	123.67	126.78
1775	126.67	126.67	126.67	123.33	122.50	120.00	116.67	111.67	111.67	111.67	113.33	116.08	118.91
1776	121.94	133.33	133.33	133.33	133.33	133.33	133.33	133.33					131.91

Source: Drummond Papers.

Table 6. *Rate of Exchange: Halifax on London (Pounds Halifax Currency per £100 sterling) par = £111.11*

Year	January	February	March	April	May	June	July	August	September	October	November	December	Average
1757							105.00					105.00	105.00
1758	105.00		104.50						102.50		102.50		103.63
1759	103.00		102.50	102.50	102.50	102.50				102.50	102.50	102.50	102.56
1760			102.50				105.00	105.00				107.50	105.00
1761	107.50		108.00						110.00			112.50	109.50
1762			112.00			114.25							113.13
1763			112.50			110.00					110.00	111.13	110.91
1764					110.00		107.50			107.14		111.13	109.54
1765			111.81			110.57			111.13	108.50		109.65	110.33
1766			109.92				110.00			110.00	111.43	108.75	110.02
1767			108.75						112.85	110.00			110.53
1768			110.00	106.50		110.43	110.64			110.57			109.63
1769			110.57					109.11	110.00	107.00	107.00	108.50	108.70

(Continued on p. 97)

(Continued from p. 96)

1770	111.11	107.00	107.00	107.00	105.00	111.11	102.83	104.80	105.00		111.11	109.07	107.37
1771						110.00	110.56			109.79	110.00	111.09	110.29
1772	111.09	111.09											111.09
1773													
1774													
1775												100.00	100.00
1776					111.11			113.33	113.33				112.57
1777		111.11	111.11								112.50	112.50	111.81
1778	112.50	111.11											111.81
1779	106.60	106.60	106.60	106.60	106.60	106.60	107.70	107.77	107.77	111.11	107.77	105.55	107.28
1780	106.60		106.60	106.60	106.60	105.55	105.00	103.33	103.33	103.33	104.00	104.00	105.00
1781				116.66	116.66		111.11	111.11	111.11	113.60	115.55	114.72	113.82
1782		112.50						105.55				100.00	106.02
1783	100.00	100.00	100.00	100.00	100.00	100.00	100.00						100.00

Sources: Navy bills, July 1757-February 1772, PRO, Adm 17/150; Bills negotiated by contractors for remitting money to Louisbourg, Messrs Colebrooke & Nesbitt, August 1760-October 1767, PRO, A01/192/601; Gage Warrants, October 1764-October 1767, William L. Clements Library; Drummond Papers, 1768-1769, 1775-1783.

Table 7. ***Rate of Exchange: New York on London***
(Pounds New York Currency per £100 sterling) par = £177.77

Year	January	February	March	April	May	June	July	August	September	October	November	December	Average
1765					185.00	184.17	185.00	185.00	185.00	185.00	182.50	177.77	183.68
1766	180.00	180.00	180.00	180.00	180.00	178.89	180.00	180.00	180.00	180.00	178.89	171.25	179.09
1767	172.50	176.25	177.77	177.77	177.77	178.75	180.00	181.25	181.25	181.25	179.50	180.00	178.67
1768	182.50			178.75	179.00	180.00			178.00	178.00		175.50	178.82
1769	175.00		175.00	172.50	170.00	172.00	170.88			163.75	166.31		170.68
1770					161.25	160.00		167.50	172.50				165.31
1771	176.25		182.50	181.25					177.50		175.00		178.50
1772				172.50									172.50
1773		175.00	177.50			180.00							177.50
1774										182.50	177.50	171.25	177.08
1775	172.50		170.00										171.25
1776													
1777			182.24	182.22	181.78	177.77							181.00
1778							177.77	177.77	177.77	177.77	177.77	177.77	177.77
1779	165.00	171.43	168.89	177.77	168.89	164.44	160.00	177.77	177.77	168.89	160.00	160.00	168.40
1780	160.00	160.00	160.00	164.44	160:00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.37
1781	160.00	160.00	160.00	162.85	171.43	171.43	171.43	171.43	171.43	171.43	177.77	177.77	168.91
1782	177.77	177.77	177.77	177.77	177.77	177.77	177.77	177.77	177.77	170.16	168.89	164.45	175.29
1783	168.89	175.55	177.77	175.55	164.45	173.16							172.56

Note: When the NYC accounts were closed, and the last bill drawn on 17 June 1783, the exchange rate reached par.

Sources: Drummond Papers; Gage Papers, bill of exchange ledger, May 1765-May 1767, William L. Clements Library; Gage accounts in PRO, A03/118.

Table 8. *Rate of Exchange: Quebec on London, 1767-1782*
(Pounds Halifax Currency per £100 sterling) par = £111.11*

Year	January	February	March	April	May	June	July	August	September	October	November	December	Average
1767					111.11	112.00	112.00	112.00	112.00	112.00	112.00	112.00	111.89
1768	114.00	114.00	114.75	115.00	115.00	112.00	109.00	109.00	112.00	112.00	112.00	113.00	112.65
1769	112.00	112.00	113.00	113.00	113.00	113.00	112.00	110.00	111.11	110.60	111.50	112.00	111.93
1770		107.50	106.50	105.00	105.00				107.50		112.00	111.11	107.80
1771		107.14	107.14		107.14		110.00			110.00	111.11		108.75
1772				108.00		104.00	104.00			117.14	111.11		108.85
1773		107.14				107.14	108.00		111.11	111.11	111.11		109.27
1774								108.00	112.00	113.00	113.00		111.50
1775	113.00	107.50	108.00	108.00	105.50	105.00	105.00	103.00	100.00	111.11			106.61
1776						111.11	111.11	111.11	111.11	111.00	113.00		111.43
1777				111.11	111.11	111.11	113.00	112.00	112.00	112.50	113.00		111.98
1778				111.11	108.00	111.11	111.11		112.00	113.00	113.00		111.33
1779				111.11	109.00	106.00		111.11	111.11	112.00			110.06
1780		111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11
1781	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11
1782	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11	111.11			111.11

Note: *Halifax currency was the money of account at Quebec.
Source: Drummond Papers.